GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:6281
ANSWERED ON:06.05.2005
TECHNOLOGY UPGRADATION IN TEXTILE SECTOR
Kharventhan Shri Salarapatty Kuppusamy

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government has launched any scheme to fund the technology upgradation in the textile sector;

(b) if so, the details thereof;

(c) whether any provision has been made under the scheme during the Tenth five Year Plan;

(d) whether the Government has provided any incentive to small scale textile units under this scheme;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

Answer

MINISTER OF TEXTILES(SHRI SHANKERSINH VAGHELA)

(a) & (b)Yes, Sir. For modernisation and technology upgradation in the textile sector Government has launched the Technology Upgradation Fund Scheme (TUFS) which is in operation since 01.04.1999. The Scheme mainly provides for reimbursement of five percent interest charged by the financial institutions/banks for technology upgradation projects in conformity with the Scheme. However, in addition to this the following incentives are also available under this Scheme:-

i) Coverage of exchange rate erosion not exceeding 5% points per annum in respect of foreign currency loans instead of 5% interest support;
ii) For small scale textile and jute industrial units, an option to avail of either 15% Credit Linked Capital Subsidy (CLCS) or the existing 5% interest reimbursement;
iii) For small scale powerloom units, an additional option of credit linked 20% capital subsidy for powerloom and weaving preparatory machinery, upto a cost of Rs. 100 lakh, with the facility to obtain credit from an enlarged credit network that includes all cooperative banks and other genuine non-banking financial companies (NBFCs) recognized by the Reserve Bank of India.
iv) For the textile processing sector only, a credit linked capital subsidy @10%, in addition to the existing 5% interest reimbursement.

(c) There is a provision of Rs. 1270 crores under TUFS during the Tenth Plan Period.

(d) & (e)For small scale textile units the following incentive is available under this Scheme:-

i) For small scale textile and jute industrial units, an option to avail of either 15% Credit Linked Capital Subsidy (CLCS) or the existing 5% interest reimbursement;

ii) For small scale powerloom units, an additional option of credit linked 20% capital subsidy for powerloom and weaving preparatory machinery, upto a cost of Rs. 100 lakh, with the facility to obtain credit from an enlarged credit network that includes all cooperative banks and other genuine non-banking financial companies (NBFCs) recognized by the Reserve Bank of India.

(f) Does not arise